

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 660
91ST GENERAL ASSEMBLY

Reported from the Committee on Retirement, March 26, 2001, with recommendation that the House Committee Substitute for House Bill No. 660 Do Pass.

TED WEDEL, Chief Clerk

1149L.03C

AN ACT

To repeal sections 169.070 and 169.670, RSMo 2000, relating to the public school retirement system, and to enact in lieu thereof two new sections relating to the same subject, with an emergency clause.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 169.070 and 169.670, RSMo 2000, are repealed and two new sections enacted in lieu thereof, to be known as sections 169.070 and 169.670, to read as follows:

169.070. 1. The retirement allowance of a member whose age at retirement is sixty years or more and whose creditable service is five years or more, or whose sum of age and creditable service equals eighty years or more, or who has attained age fifty-five and whose creditable service is twenty-five years or more or whose creditable service is thirty years or more regardless of age, may be the sum of the following items, not to exceed one hundred percent of the member's final average salary:

(1) Two and five-tenths percent of the member's final average salary for each year of membership service;

(2) Six-tenths of the amount payable for a year of membership service for each year of prior service not exceeding thirty years.

11

In lieu of the retirement allowance otherwise provided in subdivisions (1) and (2) of this subsection, a member may elect to receive a retirement allowance of:

(3) Between July 1, 1998, and July 1, 2003, two and four-tenths percent of the member's

EXPLANATION — Matter enclosed in bold faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

15 final average salary for each year of membership service, if the member's creditable service is
16 twenty-nine years or more but less than thirty years, and the member has not attained age
17 fifty-five;

18 (4) Between July 1, 1998, and July 1, 2003, two and thirty-five-hundredths percent of
19 the member's final average salary for each year of membership service, if the member's creditable
20 service is twenty-eight years or more but less than twenty-nine years, and the member has not
21 attained age fifty-five;

22 (5) Between July 1, 1998, and July 1, 2003, two and three-tenths percent of the member's
23 final average salary for each year of membership service, if the member's creditable service is
24 twenty-seven years or more but less than twenty-eight years, and the member has not attained
25 age fifty-five;

26 (6) Between July 1, 1998, and July 1, 2003, two and twenty-five-hundredths percent of
27 the member's final average salary for each year of membership service, if the member's creditable
28 service is twenty-six years or more but less than twenty-seven years, and the member has not
29 attained age fifty-five;

30 (7) Between July 1, 1998, and July 1, 2003, two and two-tenths percent of the member's
31 final average salary for each year of membership service, if the member's creditable service is
32 twenty-five years or more but less than twenty-six years, and the member has not attained age
33 fifty-five;

34 **(8) Between July 1, 2001, and June 30, 2008, two and fifty-five hundredths percent**
35 **of the member's final average salary for each year of membership service, if the member's**
36 **creditable service is thirty-one years or more regardless of age.**

37 2. In lieu of the retirement allowance provided in subsection 1 of this section, a member
38 whose age is sixty years or more on September 28, 1975, may elect to have the member's
39 retirement allowance calculated as a sum of the following items:

40 (1) Sixty cents plus one and five-tenths percent of the member's final average salary for
41 each year of membership service;

42 (2) Six-tenths of the amount payable for a year of membership service for each year of
43 prior service not exceeding thirty years;

44 (3) Three-fourths of one percent of the sum of subdivisions (1) and (2) of this subsection
45 for each month of attained age in excess of sixty years but not in excess of age sixty-five.

46 3. (1) In lieu of the retirement allowance provided either in subsection 1 or 2 of this
47 section, collectively called "option 1", a member whose creditable service is twenty-five years
48 or more or who has attained the age of fifty-five with five or more years of creditable service may
49 elect in the member's application for retirement to receive the actuarial equivalent of the
50 member's retirement allowance in reduced monthly payments for life during retirement with the

51 provision that:

Option 2. Upon the member's death the reduced retirement allowance shall be continued throughout the life of and paid to such person as has an insurable interest in the life of the member as the member shall have nominated in the member's election of the option, and provided further that if the person so nominated dies before the retired member, the retirement allowance will be increased to the amount the retired member would be receiving had the retired member elected option 1;

58 OR

Option 3. Upon the death of the member three-fourths of the reduced retirement allowance shall be continued throughout the life of and paid to such person as has an insurable interest in the life of the member and as the member shall have nominated in an election of the option, and provided further that if the person so nominated dies before the retired member, the retirement allowance will be increased to the amount the retired member would be receiving had the member elected option 1;

65 OR

Option 4. Upon the death of the member one-half of the reduced retirement allowance shall be continued throughout the life of, and paid to, such person as has an insurable interest in the life of the member and as the member shall have nominated in an election of the option, and provided further that if the person so nominated dies before the retired member, the retirement allowance shall be increased to the amount the retired member would be receiving had the member elected option 1;

72 OR

Option 5. Upon the death of the member prior to the member having received one hundred twenty monthly payments of the member's reduced allowance, the remainder of the one hundred twenty monthly payments of the reduced allowance shall be paid to such beneficiary as the member shall have nominated in the member's election of the option or in a subsequent nomination. If there is no beneficiary so nominated who survives the member for the remainder of the one hundred twenty monthly payments, the reserve for the remainder of such one hundred twenty monthly payments shall be paid to the estate of the last person to receive a monthly allowance;

81 OR

Option 6. Upon the death of the member prior to the member having received sixty monthly payments of the member's reduced allowance, the remainder of the sixty monthly payments of the reduced allowance shall be paid to such beneficiary as the member shall have nominated in the member's election of the option or in a subsequent nomination. If there is no beneficiary so nominated who survives the member for the remainder of the sixty monthly

87 payments, the reserve of the remainder of such sixty monthly payments shall be paid to the estate
88 of the last person to receive a monthly allowance.

89 (2) The election of an option may be made only in the application for retirement and such
90 application must be filed prior to the date on which the retirement of the member is to be
91 effective. If either the member or the person nominated to receive the survivorship payments
92 dies before the effective date of retirement, the option shall not be effective, provided that:

93 (a) If the member or a person retired on disability retirement dies after acquiring
94 twenty-five or more years of creditable service or after attaining the age of fifty-five years and
95 acquiring five or more years of creditable service and before retirement, except retirement with
96 disability benefits, and the person named by the member as the member's primary beneficiary
97 has an insurable interest in the life of the deceased member, the designated beneficiary may elect
98 to receive either survivorship benefits under option 2 or a payment of the accumulated
99 contributions of the member. If survivorship benefits under option 2 are elected and the member
100 at the time of death would have been eligible to receive an actuarial equivalent of the member's
101 retirement allowance, the designated beneficiary may further elect to defer the option 2 payments
102 until the date the member would have been eligible to receive the retirement allowance provided
103 in subsection 1 or 2 of this section;

104 (b) If the member or a person retired on disability retirement dies before attaining age
105 fifty-five but after acquiring five but fewer than twenty-five years of creditable service, and the
106 person named as the member's primary beneficiary has an insurable interest in the life of the
107 deceased member, the designated beneficiary may elect to receive either a payment of the
108 member's accumulated contributions, or survivorship benefits under option 2 to begin on the date
109 the member would first have been eligible to receive an actuarial equivalent of the member's
110 retirement allowance, or to begin on the date the member would first have been eligible to
111 receive the retirement allowance provided in subsection 1 or 2 of this section.

112 4. If the total of the retirement allowance paid to an individual before the death of the
113 individual is less than the accumulated contributions at the time of retirement, the difference
114 shall be paid to the beneficiary of the individual, or to the estate of the individual, if there be no
115 beneficiary. If an optional benefit as provided in option 2, 3 or 4 in subsection 3 of this section
116 had been elected, and the beneficiary dies after receiving the optional benefit, and if the total
117 retirement allowance paid to the retired individual and the beneficiary of the retired individual
118 is less than the total of the contributions, the difference shall be paid to the estate of the
119 beneficiary unless the retired individual designates a different recipient with the board at or after
120 retirement.

121 5. If a member dies before receiving a retirement allowance, the member's accumulated
122 contributions at the time of the death of the member shall be paid to the beneficiary of the

123 member or to the estate of the member, if there be no beneficiary; except that, no such payment
124 shall be made if the beneficiary elects option 2 in subsection 3 of this section, unless the
125 beneficiary dies before having received benefits pursuant to that subsection equal to the
126 accumulated contributions of the member, in which case the amount of accumulated
127 contributions in excess of the total benefits paid pursuant to that subsection shall be paid to the
128 estate of the beneficiary.

129 6. If a member ceases to be a public school employee as herein defined and certifies to
130 the board of trustees that such cessation is permanent, or if the membership of the person is
131 otherwise terminated, the member shall be paid the member's accumulated contributions with
132 interest.

133 7. Notwithstanding any provisions of sections 169.010 to 169.141 to the contrary, if a
134 member ceases to be a public school employee after acquiring five or more years of membership
135 service in Missouri, the member may at the option of the member leave the member's
136 contributions with the retirement system and claim a retirement allowance any time after
137 reaching the minimum age for voluntary retirement. When the member's claim is presented to
138 the board, the member shall be granted an allowance as provided in sections 169.010 to 169.141
139 on the basis of the member's age, years of service, and the provisions of the law in effect at the
140 time the member requests the member's retirement to become effective.

141 8. The retirement allowance of a member retired because of disability shall be
142 nine-tenths of the allowance to which the member's creditable service would entitle the member
143 if the member's age were sixty, or fifty percent of one-twelfth of the annual salary rate used in
144 determining the member's contributions during the last school year for which the member
145 received a year of creditable service immediately prior to the member's disability, whichever is
146 greater, except that no such allowance shall exceed the retirement allowance to which the
147 member would have been entitled upon retirement at age sixty if the member had continued to
148 teach from the date of disability until age sixty at the same salary rate.

149 9. Notwithstanding any provisions of sections 169.010 to 169.141 to the contrary, from
150 October 13, 1961, the contribution rate pursuant to sections 169.010 to 169.141 shall be
151 multiplied by the factor of two-thirds for any member of the system for whom federal Old Age
152 and Survivors Insurance tax is paid from state or local tax funds on account of the member's
153 employment entitling the person to membership in the system. The monetary benefits for a
154 member who elected not to exercise an option to pay into the system a retroactive contribution
155 of four percent on that part of the member's annual salary rate which was in excess of four
156 thousand eight hundred dollars but not in excess of eight thousand four hundred dollars for each
157 year of employment in a position covered by this system between July 1, 1957, and July 1, 1961,
158 as provided in subsection 10 of this section as it appears in RSMo 1969, shall be the sum of:

159 (1) For years of service prior to July 1, 1946, six-tenths of the full amount payable for
160 years of membership service;

161 (2) For years of membership service after July 1, 1946, in which the full contribution rate
162 was paid, full benefits under the formula in effect at the time of the member's retirement;

163 (3) For years of membership service after July 1, 1957, and prior to July 1, 1961, the
164 benefits provided in this section as it appears in RSMo 1959; except that if the member has at
165 least thirty years of creditable service at retirement the member shall receive the benefit payable
166 pursuant to that section as though the member's age were sixty-five at retirement;

167 (4) For years of membership service after July 1, 1961, in which the two-thirds
168 contribution rate was paid, two-thirds of the benefits under the formula in effect at the time of
169 the member's retirement.

170 10. The monetary benefits for each other member for whom federal Old Age and
171 Survivors Insurance tax is or was paid at any time from state or local funds on account of the
172 member's employment entitling the member to membership in the system shall be the sum of:

173 (1) For years of service prior to July 1, 1946, six-tenths of the full amount payable for
174 years of membership service;

175 (2) For years of membership service after July 1, 1946, in which the full contribution rate
176 was paid, full benefits under the formula in effect at the time of the member's retirement;

177 (3) For years of membership service after July 1, 1957, in which the two-thirds
178 contribution rate was paid, two-thirds of the benefits under the formula in effect at the time of
179 the member's retirement.

180 11. Any retired member of the system who was retired prior to September 1, 1972, or
181 beneficiary receiving payments under option 1 or option 2 of subsection 3 of this section, as such
182 option existed prior to September 1, 1972, will be eligible to receive an increase in the retirement
183 allowance of the member of two percent for each year, or major fraction of more than one-half
184 of a year, which the retired member has been retired prior to July 1, 1975. This increased amount
185 shall be payable commencing with January, 1976, and shall thereafter be referred to as the
186 member's retirement allowance. The increase provided for in this subsection shall not affect the
187 retired member's eligibility for compensation provided for in section 169.580 or 169.585, nor
188 shall the amount being paid pursuant to these sections be reduced because of any increases
189 provided for in this section.

190 12. If the board of trustees determines that the cost of living, as measured by generally
191 accepted standards, increases two percent or more in the preceding fiscal year, the board shall
192 increase the retirement allowances which the retired members or beneficiaries are receiving by
193 two percent of the amount being received by the retired member or the beneficiary at the time
194 the annual increase is granted by the board with the provision that the increases provided for in

195 this subsection shall not become effective until the fourth January first following the member's
196 retirement or January 1, 1977, whichever later occurs, or in the case of any member retiring on
197 or after July 1, 2000, [and not for any member retiring before July 1, 2000,] the increase provided
198 for in this subsection shall not become effective until the third January first following the
199 member's retirement, **or in the case of any member retiring on or after July 1, 2001, the**
200 **increase provided for in this subsection shall not become effective until the second January**
201 **first following the member's retirement.** Commencing with January 1, 1992, if the board of
202 trustees determines that the cost of living has increased five percent or more in the preceding
203 fiscal year, the board shall increase the retirement allowances by five percent. The total of the
204 increases granted to a retired member or the beneficiary after December 31, 1976, may not
205 exceed eighty percent of the retirement allowance established at retirement or as previously
206 adjusted by other subsections. If the cost of living increases less than five percent, the board of
207 trustees may determine the percentage of increase to be made in retirement allowances, but at
208 no time can the increase exceed five percent per year. If the cost of living decreases in a fiscal
209 year, there will be no increase in allowances for retired members on the following January first.

210 13. The board of trustees may reduce the amounts which have been granted as increases
211 to a member pursuant to subsection 12 of this section if the cost of living, as determined by the
212 board and as measured by generally accepted standards, is less than the cost of living was at the
213 time of the first increase granted to the member; except that, the reductions shall not exceed the
214 amount of increases which have been made to the member's allowance after December 31, 1976.

215 14. Any application for retirement shall include a sworn statement by the member
216 certifying that the spouse of the member at the time the application was completed was aware
217 of the application and the plan of retirement elected in the application.

218 15. Notwithstanding any other provision of law, any person retired prior to September
219 28, 1983, who is receiving a reduced retirement allowance under option 1 or option 2 of
220 subsection 3 of this section, as such option existed prior to September 28, 1983, and whose
221 beneficiary nominated to receive continued retirement allowance payments under the elected
222 option dies or has died, shall upon application to the board of trustees have his or her retirement
223 allowance increased to the amount he or she would have been receiving had the option not been
224 elected, actuarially adjusted to recognize any excessive benefits which would have been paid to
225 him or her up to the time of application.

226 16. Benefits paid pursuant to the provisions of the public school retirement system of
227 Missouri shall not exceed the limitations of Section 415 of Title 26 of the United States Code.

228 17. Notwithstanding any other provision of law to the contrary, any person retired before,
229 on, or after May 26, 1994, shall be made, constituted, appointed and employed by the board as
230 a special consultant on the matters of education, retirement and aging, and upon request shall

give written or oral opinions to the board in response to such requests. As compensation for such duties the person shall receive an amount based on the person's years of service so that the total amount received pursuant to sections 169.010 to 169.141 shall be at least the minimum amounts specified in subdivisions (1) to (4) of this subsection. In determining the minimum amount to be received, the amounts in subdivisions (3) and (4) of this subsection shall be adjusted in accordance with the actuarial adjustment, if any, that was applied to the person's retirement allowance. In determining the minimum amount to be received, beginning September 1, 1996, the amounts in subdivisions (1) and (2) of this subsection shall be adjusted in accordance with the actuarial adjustment, if any, that was applied to the person's retirement allowance due to election of an optional form of retirement having a continued monthly payment after the person's death. Notwithstanding any other provision of law to the contrary, no person retired before, on, or after May 26, 1994, and no beneficiary of such a person, shall receive a retirement benefit pursuant to sections 169.010 to 169.141 based on the person's years of service less than the following amounts:

- (1) Thirty or more years of service, one thousand two hundred dollars;
- (2) At least twenty-five years but less than thirty years, one thousand dollars;
- (3) At least twenty years but less than twenty-five years, eight hundred dollars;
- (4) At least fifteen years but less than twenty years, six hundred dollars.

18. Notwithstanding any other provisions of law to the contrary, any person retired prior to May 26, 1994, and any designated beneficiary of such a retired member who was deceased prior to July 1, 1999, shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement or aging and upon request shall give written or oral opinions to the board in response to such requests. Beginning September 1, 1996, as compensation for such service, the member shall have added, pursuant to this subsection, to the member's monthly annuity as provided by this section a dollar amount equal to the lesser of sixty dollars or the product of two dollars multiplied by the member's number of years of creditable service. Beginning September 1, 1999, the designated beneficiary of the deceased member shall as compensation for such service have added, pursuant to this subsection, to the monthly annuity as provided by this section a dollar amount equal to the lesser of sixty dollars or the product of two dollars multiplied by the member's number of years of creditable service. The total compensation provided by this section including the compensation provided by this subsection shall be used in calculating any future cost-of-living adjustments provided by subsection 12 of this section.

19. Any member who has retired prior to July 1, 1998, and the designated beneficiary of a deceased retired member shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement and aging, and upon request shall

give written or oral opinions to the board in response to such requests. As compensation for such duties the person shall receive a payment equivalent to eight and seven-tenths percent of the previous month's benefit, which shall be added to the member's or beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 12 and 13 of this section for the purposes of the limit on the total amount of increases which may be received.

20. Any member who has retired shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement and aging, and upon request shall give written or oral opinions to the board in response to such request. As compensation for such duties, the person shall receive as a part of compensation for these duties a death benefit of five thousand dollars.

21. Any member who has retired prior to July 1, 1999, and the designated beneficiary of a retired member who was deceased prior to July 1, 1999, shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement and aging, and upon request shall give written or oral opinions to the board in response to such requests.

As compensation for such duties, the person shall have added, pursuant to this subsection, to the monthly annuity as provided by this section a dollar amount equal to five dollars times the member's number of years of creditable service.

22. Any member who has retired prior to July 1, 2000, and the designated beneficiary of a deceased retired member shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement and aging, and upon request shall give written or oral opinions to the board in response to such requests. As compensation for such duties, the person shall receive a payment equivalent to three and five-tenths percent of the previous month's benefit, which shall be added to the member or beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 12 and 13 of this section for the purposes of the limit on the total amount of increases which may be received.

23. Any member who has retired prior to July 1, 2001, and the designated beneficiary of a deceased retired member shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement and aging, and upon request shall give written or oral opinions to the board in response to such requests. As compensation for such duties, the person shall receive a dollar amount equal to three dollars times the member's number of years of creditable service, which shall be added to the member or beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 12 and 13 of this section for the purposes of the limit on the total amount of increases which may be received.

169.670. 1. The retirement allowance of a member whose age at retirement is sixty years or more and whose creditable service is five years or more, or whose sum of age and creditable service equals eighty years or more, or whose creditable service is thirty years or more regardless of age, shall be the sum of the following items:

(1) For each year of membership service, one and [fifty-one] **sixty-one** hundredths percent of the member's final average salary;

(2) Six-tenths of the amount payable for a year of membership service for each year of prior service;

(3) Eighty-five one-hundredths of one percent of any amount by which the member's average compensation for services rendered prior to July 1, 1973, exceeds the average monthly compensation on which federal Social Security taxes were paid during the period over which such average compensation was computed, for each year of membership service credit for services rendered prior to July 1, 1973, plus six-tenths of the amount payable for a year of membership service for each year of prior service credit;

(4) In lieu of the retirement allowance otherwise provided by subdivisions (1) to (3) of this subsection, between July 1, [2000] **2001**, and July 1, 2003, a member may elect to receive a retirement allowance of:

(a) One and [forty-nine] **fifty-nine** hundredths percent of the member's final average salary for each year of membership service, if the member's creditable service is twenty-nine years or more but less than thirty years and the member has not attained the age of fifty-five;

(b) One and [forty-seven] **fifty-seven** hundredths percent of the member's final average salary for each year of membership service, if the member's creditable service is twenty-eight years or more but less than twenty-nine years, and the member has not attained the age of fifty-five;

(c) One and [forty-five] **fifty-five** hundredths percent of the member's final average salary for each year of membership service, if the member's creditable service is twenty-seven years or more but less than twenty-eight years and the member has not attained the age of fifty-five;

(d) One and [forty-three] **fifty-three** hundredths percent of the member's final average salary for each year of membership service, if the member's creditable service is twenty-six years or more but less than twenty-seven years and the member has not attained the age of fifty-five;

(e) One and [forty-one] **fifty-one** hundredths percent of the member's final average salary for each year of membership service, if the member's creditable service is twenty-five years or more but less than twenty-six years and the member has not attained the age of fifty-five; and

(5) In addition to the retirement allowance provided in subdivisions (1) to (3) of this subsection, a member retiring on or after July 1, [2000] **2001**, whose creditable service is thirty

37 years or more or whose sum of age and creditable service is eighty years or more, shall receive
38 a temporary retirement allowance equivalent to [four-tenths] **eight-tenths** of one percent of the
39 member's final average salary multiplied by the member's years of service until such time as the
40 member reaches the minimum age for Social Security retirement benefits.

41 2. If the board of trustees determines that the cost of living, as measured by generally
42 accepted standards, increases five percent or more in the preceding fiscal year, the board shall
43 increase the retirement allowances which the retired members or beneficiaries are receiving by
44 five percent of the amount being received by the retired member or the beneficiary at the time
45 the annual increase is granted by the board; provided that, the increase provided in this
46 subsection shall not become effective until the fourth January first following a member's
47 retirement or January 1, 1982, whichever occurs later, and the total of the increases granted to
48 a retired member or the beneficiary after December 31, 1981, may not exceed [seventy-five]
49 **eighty** percent of the retirement allowance established at retirement or as previously adjusted by
50 other provisions of law. If the cost of living increases less than five percent, the board of trustees
51 may determine the percentage of increase to be made in retirement allowances, but at no time
52 can the increase exceed five percent per year. If the cost of living decreases in a fiscal year, there
53 will be no increase in allowances for retired members on the following January first.

54 3. The board of trustees may reduce the amounts which have been granted as increases
55 to a member pursuant to subsection 2 of this section if the cost of living, as determined by the
56 board and as measured by generally accepted standards, is less than the cost of living was at the
57 time of the first increase granted to the member; provided that, the reductions shall not exceed
58 the amount of increases which have been made to the member's allowance after December 31,
59 1981.

60 4. (1) In lieu of the retirement allowance provided in subsection 1 of this section, called
61 "option 1", a member whose creditable service is twenty-five years or more or who has attained
62 age fifty-five with five or more years of creditable service may elect, in the application for
63 retirement, to receive the actuarial equivalent of the member's retirement allowance in reduced
64 monthly payments for life during retirement with the provision that:

65 Option 2. Upon the member's death, the reduced retirement allowance shall be continued
66 throughout the life of and paid to such person as has an insurable interest in the life of the
67 member as the member shall have nominated in the member's election of the option, and
68 provided further that if the person so nominated dies before the retired member, the retirement
69 allowance will be increased to the amount the retired member would be receiving had the
70 member elected option 1;

71 OR

72 Option 3. Upon the death of the member three-fourths of the reduced retirement

73 allowance shall be continued throughout the life of and paid to such person as has an insurable
74 interest in the life of the member and as the member shall have nominated in an election of the
75 option, and provided further that if the person so nominated dies before the retired member, the
76 retirement allowance will be increased to the amount the retired member would be receiving had
77 the member elected option 1;

78 OR

79 Option 4. Upon the death of the member one-half of the reduced retirement allowance
80 shall be continued throughout the life of, and paid to, such person as has an insurable interest in
81 the life of the member and as the member shall have nominated in an election of the option, and
82 provided further that if the person so nominated dies before the retired member, the retirement
83 allowance shall be increased to the amount the retired member would be receiving had the
84 member elected option 1;

85 OR

86 Option 5. Upon the death of the member prior to the member having received one
87 hundred twenty monthly payments of the member's reduced allowance, the remainder of the one
88 hundred twenty monthly payments of the reduced allowance shall be paid to such beneficiary as
89 the member shall have nominated in the member's election of the option or in a subsequent
90 nomination. If there is no beneficiary so nominated who survives the member for the remainder
91 of the one hundred twenty monthly payments, the reserve for the remainder of such one hundred
92 twenty monthly payments shall be paid to the estate of the last person to receive a monthly
93 allowance;

94 OR

95 Option 6. Upon the death of the member prior to the member having received sixty
96 monthly payments of the member's reduced allowance, the remainder of the sixty monthly
97 payments of the reduced allowance shall be paid to such beneficiary as the member shall have
98 nominated in the member's election of the option or in a subsequent nomination. If there is no
99 beneficiary so nominated who survives the member for the remainder of the sixty monthly
100 payments, the reserve for the remainder of such sixty monthly payments shall be paid to the
101 estate of the last person to receive a monthly allowance;

102 OR

103 Option 7. A plan of variable monthly benefit payments which provides, in conjunction
104 with the member's retirement benefits under the federal Social Security laws, level or near-level
105 retirement benefit payments to the member for life during retirement, and if authorized, to an
106 appropriate beneficiary designated by the member. Such a plan shall be actuarially equivalent
107 to the retirement allowance under option 1 and shall be available for election only if established
108 by the board of trustees under duly adopted rules.

(2) The election of an option may be made only in the application for retirement and such application must be filed prior to the date on which the retirement of the member is to be effective. If either the member or the person nominated dies before the effective date of retirement, the option shall not be effective, provided that:

(a) If the member or a person retired on disability retirement dies after attaining age fifty-five and acquiring five or more years of creditable service or after acquiring twenty-five or more years of creditable service and before retirement, except retirement with disability benefits, and the person named by the member as the member's primary beneficiary has an insurable interest in the life of the deceased member, the designated beneficiary may elect to receive either survivorship payments under option 2 or a payment of the member's accumulated contributions. If survivorship benefits under option 2 are elected and the member at the time of death would have been eligible to receive an actuarial equivalent of the member's retirement allowance, the designated beneficiary may further elect to defer the option 2 payments until the date the member would have been eligible to receive the retirement allowance provided in subsection 1 of this section.

(b) If the member or a person retired on disability retirement dies before attaining age fifty-five but after acquiring five but fewer than twenty-five years of creditable service, and the person named as the primary beneficiary has an insurable interest in the life of the deceased member or disability retiree, the designated beneficiary may elect to receive either a payment of the person's accumulated contributions, or survivorship benefits under option 2 to begin on the date the member would first have been eligible to receive an actuarial equivalent of the person's retirement allowance, or to begin on the date the member would first have been eligible to receive the retirement allowance provided in subsection 1 of this section.

5. If the total of the retirement allowances paid to an individual before the person's death is less than the person's accumulated contributions at the time of the person's retirement, the difference shall be paid to the person's beneficiary or to the person's estate; provided, however, that if an optional benefit, as provided in option 2, 3 or 4 in subsection 4, had been elected and the beneficiary dies after receiving the optional benefit, then, if the total retirement allowances paid to the retired individual and the individual's beneficiary are less than the total of the contributions, the difference shall be paid to the estate of the beneficiary unless the retired individual designates a different recipient with the board at or after retirement.

6. If a member dies before receiving a retirement allowance, the member's accumulated contributions at the time of the member's death shall be paid to the member's beneficiary or to the member's estate, if there be no beneficiary; provided, however, that no such payment shall be made if the beneficiary elects option 2 in subsection 4 of this section, unless the beneficiary dies before having received benefits pursuant to that subsection equal to the accumulated

contributions of the member, in which case the amount of accumulated contributions in excess of the total benefits paid pursuant to that subsection shall be paid to the estate of the beneficiary.

7. If a member ceases to be an employee as defined in section 169.600 and certifies to the board of trustees that such cessation is permanent or if the person's membership is otherwise terminated, the person shall be paid the person's accumulated contributions with interest.

8. Notwithstanding any provisions of sections 169.600 to 169.715 to the contrary, if a member ceases to be an employee as defined in section 169.600 after acquiring five or more years of creditable service, the member may, at the option of the member, leave the member's contributions with the retirement system and claim a retirement allowance any time after the member reaches the minimum age for voluntary retirement. When the member's claim is presented to the board, the member shall be granted an allowance as provided in sections 169.600 to 169.715 on the basis of the member's age and years of service.

9. The retirement allowance of a member retired because of disability shall be nine-tenths of the allowance to which the member's creditable service would entitle the member if the member's age were sixty.

10. Notwithstanding any provisions of sections 169.600 to 169.715 to the contrary, any member who is a member prior to October 13, 1969, may elect to have the member's retirement allowance computed in accordance with sections 169.600 to 169.715 as they existed prior to October 13, 1969.

11. Any application for retirement shall include a sworn statement by the member certifying that the spouse of the member at the time the application was completed was aware of the application and the plan of retirement elected in the application.

12. Notwithstanding any other provision of law, any person retired prior to August 14, 1984, who is receiving a reduced retirement allowance under option 1 or 2 of subsection 4 of this section, as the option existed prior to August 14, 1984, and whose beneficiary nominated to receive continued retirement allowance payments under the elected option dies or has died, shall upon application to the board of trustees have the person's retirement allowance increased to the amount the person would have been receiving had the person not elected the option, actuarially adjusted to recognize any excessive benefits which would have been paid to the person up to the time of the application.

13. Benefits paid pursuant to the provisions of the nonteacher school employee retirement system of Missouri shall not exceed the limitations of Section 415 of Title 26 of the United States Code.

14. Any member who has retired prior to July 1, 1999, and the designated beneficiary of a deceased retired member upon request shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement and aging. As

181 compensation for such duties the person shall receive a payment equivalent to seven and
182 four-tenths percent of the previous month's benefit, which shall be added to the member's or
183 beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 2
184 and 3 of this section for the purposes of the limit on the total amount of increases which may be
185 received.

186 15. Any member who has retired prior to July 1, 2000, and the designated beneficiary
187 of a deceased retired member upon request shall be made, constituted, appointed and employed
188 by the board as a special consultant on the matters of education, retirement and aging. As
189 compensation for such duties the person shall receive a payment equivalent to three and
190 four-tenths percent of the previous month's benefit, which shall be added to the member's or
191 beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 2
192 and 3 of this section for the purposes of the limit on the total amount of increases which may be
193 received.

194 **16. Any member who has retired prior to July 1, 2001, and the designated**
195 **beneficiary of a deceased retired member upon request shall be made, constituted,**
196 **appointed and employed by the board as a special consultant on the matters of education,**
197 **retirement and aging. As compensation for such duties the person shall receive a payment**
198 **equivalent to seven and one-tenth percent of the previous month's benefit, which shall be**
199 **added to the member's or beneficiary's monthly annuity and which shall not be subject to**
200 **the provisions of subsections 2 and 3 of this section for the purposes of the limit on the total**
201 **amount of increases which may be received.**

Section B. Because immediate action is necessary to provide equitable treatment and
2 timely application of certain pension benefits and compensation, section A of this act is deemed
3 necessary for the immediate preservation of the public health, welfare, peace and safety, and is
4 hereby declared to be an emergency act within the meaning of the constitution, and section A of
5 this act shall be in full force and effect on July 1, 2001, or upon its passage and approval,
6 whichever later occurs.